

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-12-07

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOSPITAL SERVICE DISTRICT NO. 1
OF
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d/b/a
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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006**

This section of the annual financial report of Hospital Service District No. 1 of the Parish of Plaquemines (d/b/a Plaquemines Medical Center) (the "Center"), presents background information and management's analysis of the Center's financial performance during the fiscal year that ended on December 31, 2006. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- The Center's total assets increased by approximately \$2,928,000 or approximately 42 %, primarily due to unexpended funds received from the special millage passed in 2002.
- On August 29, 2005 Hurricane Katrina destroyed the facility, all equipment and financial records owned by the Center. The Center was inoperable through the remainder of 2005. The Center resumed limited operations in May 2006. Accordingly, the Center experienced a significant decrease in revenues and expenses for the year ended December 31, 2006.
- During the year, the Center's total operating revenue decreased approximately \$227,968 or 42%, to \$311,207 from the prior year while expenses decreased \$409,493, or 19% to \$1,771,610. The Center had a \$1,454,407 loss from operations, due primarily to expenses incurred with re-opening the facility. Much of this loss was supplemented by funds received from FEMA and other Federal government programs, which is not considered operating revenues. This compares to the prior fiscal year's loss from operations of approximately \$416,095, or 16% of operating revenue.
- The Center received approximately \$1,350,344 and \$1,383,674 in 2006 and 2005, respectively, in ad valorem tax revenue for the operations of the facility.
- During the fiscal year, the Center made capital investments for a total of approximately \$483,891.

Required Financial Statements

The Basic Financial Statements of the Center report information about the Center using Governmental Accounting Standards Board ("GASB") accounting principles. These Statements offer short-term and long-term financial information about its activities. The balance sheets include all of the Center's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Center's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Center, and assessing the liquidity and financial flexibility of the Center. All of the current year's revenues and expenses are accounted for in the statement of revenue and expenses. This statement measures changes in the Center's operations over the past year and can be used to determine whether the Center has been able to recover all of its costs through its patient service revenue and other

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

Required Financial Statements (Continued)

revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Center's cash from operations, investing, and financing and to provide answers to questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Hospital

The balance sheet and the statement of revenue and expenses report information about the Center's activities. These two statements report the net assets of the Center and changes in them. Increases or decreases in the Center's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting, should also be considered.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

**TABLE 1
Condensed Balance Sheets**

December 31

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Total current assets	\$ 2,685,867	\$ 1,666,969	\$ 1,018,898	61.12%
Capital assets - net	452,444	1,743	450,701	25857.77%
Assets limited to use	<u>6,642,556</u>	<u>5,183,836</u>	<u>1,458,720</u>	28.14%
Total assets	<u>\$ 9,780,867</u>	<u>\$ 6,852,548</u>	<u>\$ 2,928,319</u>	42.73%
Current liabilities	\$ 279,282	\$ 167,186	\$ 112,096	67.05%
Long-term debt outstanding				
other long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	0.00%
Total liabilities	279,282	167,186	112,096	67.05%
Net assets				
Restricted net assets	6,586,960	5,183,105	1,403,855	27.09%
Unrestricted net assets	<u>2,914,625</u>	<u>1,502,257</u>	<u>1,412,368</u>	94.02%
Total liabilities and net assets	<u>\$ 9,780,867</u>	<u>\$ 6,852,548</u>	<u>\$ 2,928,319</u>	42.73%

As can be seen in Table 1, total assets increased by approximately \$2,928,319 to \$9,780,867 in fiscal year 2006, from approximately \$6,852,548 in fiscal year 2005. The change in total net assets is primarily due to the excess of revenues over expenses in fiscal year 2006 and investment in capital assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

Summary of Revenue, Expenses, and Changes in Net Assets

The following table presents a summary of the Center's revenues and expenses for each of the fiscal years ended December 31, 2006 and 2005:

**TABLE 2
Condensed Statements of Revenue, Expenses,
And Changes in Net Assets**

	Year ended December 31		Dollar	Percent
	2006	2005	Change	Change
Revenue:				
Net patient service revenue	\$ 311,038	\$ 539,006	\$ (227,968)	-42.29%
Advalorem tax revenue	1,350,344	1,383,674	(33,330)	-2.41%
Grant income	1,378,486	-	1,378,486	-
Other	21,313	67,397	(46,084)	-68.38%
Total operating revenue	<u>3,061,181</u>	<u>1,990,077</u>	<u>1,071,104</u>	
Expenses:				
Salaries & employee benefits	339,253	803,342	(464,089)	-57.77%
Supplies, contract services, equipment, and fees	692,602	830,123	(137,521)	-16.57%
Other operating expenses	641,630	212,726	428,904	201.62%
Depreciation	31,447	14,108	17,339	122.90%
Provision for bad debt	66,678	320,804	(254,126)	-79.22%
Total operating expenses	<u>1,771,610</u>	<u>2,181,103</u>	<u>(409,493)</u>	<u>-18.77%</u>
Operating income (loss)	1,289,571	(191,026)	1,480,597	-775.08%
Investment income	50,870	22,012	28,858	131.10%
Excess of revenue & investment income over expenses	1,340,441	(169,014)	1,509,455	-893.09%
Special millage Advalorem tax revenue	1,475,786	1,547,786	(72,000)	-4.65%
Net assets - beginning of year	6,460,362	5,081,590	1,378,772	27.13%
Net assets - end of year	<u>\$ 9,276,589</u>	<u>\$ 6,460,362</u>	<u>\$ 2,816,227</u>	<u>43.59%</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

Sources of Revenue

Operating Revenue

During fiscal years 2006 and 2005, the center derived the majority, approximately 44% and 69%, respectively, of its total operating revenue from Ad valorem tax revenue. Also, during 2006 the Center received approximately 45% of its operating revenue from various grants. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established rates and contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance.

Investment Income

The Center holds designated and restricted funds that are invested primarily in money market funds. These investments had a total return of \$50,870 and \$22,012 during fiscal years 2006 and 2005, respectively.

Operating and Financial Performance

The following summarizes the Center's statements of revenue, expenses, and changes in net assets between 2006 and 2005:

Overall activity at the Center, as measured by patient-visits and procedures performed, decreased 75 % to 2,509 visits and procedures in 2006 from 10,206 visits and procedures in 2005. Net patient service revenue per patient visit/procedure increased 134% to \$123.95 per patient visit/procedure in 2006 from \$52.81 per patient visit/procedure in 2005.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

**TABLE 3
Patient visits and Procedures Statistical Data**

	Year ended December 31	
	<u>2006</u>	<u>2005</u>
Clinic Visits	2,173	3,785
Workers Compensation Patients	151	719
WIC Client Visits	-	1,696
Immunizations	-	84
Kid Med	-	104
Labatory Procedures	185	2,803
X-Ray	Unknown	1,015
	<u>2,509</u>	<u>10,206</u>

Salaries and related benefits expense decreased \$464,089 or 58%, to \$339,253 in 2006 from \$803,342 in 2005. As a percentage of operating revenue, salary expense was approximately 20% and 40% for the fiscal years ended December 31, 2006 and 2005, respectively. This decrease was due to the Center being closed for the period January 1, 2006 through April 30, 2006 and the reduction in staffing needs of the smaller temporary facility.

Supplies, contract services, equipment, and fees decreased \$164,178 or 20%, from the prior year. This decrease was due to the Center being closed for the period January 1, 2006 through April 30, 2006 and the reduction in patient visits/procedures.

Other operating expenses increased approximately \$428,904 from prior year. This increase is due to the acquisition of mobile trailers and other infrastructure needs to make the temporary Center facility ready for operation. Once the permanent facility is occupied the mobile trailers will revert back to FEMA. Accordingly, these expenses are reported as operating expenses for the year ended December 31, 2006.

Depreciation expense increased approximately \$17,400 due to the purchase of furniture, fixtures and equipment to replace those destroyed by Hurricane Katrina.

Total operating expenses decreased by \$436,000 for the year ended December 31, 2006, for the reasons discussed above.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006**

Operating and Financial Performance (Continued)

Investment income consists of interest earnings on funds placed in interest bearing accounts. Total investment income increased from the prior year due to greater amounts being on deposit in interest bearing accounts.

Assets Limited as to Use

At December 31, 2006 the Center had approximately \$6,586,960 of assets limited as to use. The source of these funds is a special millage passed by the voters of Plaquemines Parish designated for starting new programs, offer additional services and for capital expenditures related to equipment acquisitions and facility renovations. The administration of the Center along with the Federal Emergency Management Agency (FEMA) has identified a new location for the permanent facility to be located. A survey and purchase deposit has been made. Currently various environmental and other studies are being conducted prior to purchase of the land. Once all studies have been completed the land will be purchase with construction beginning on the new facility in late 2007 or early 2008.

Contacting the Center's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Center administration.

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Hospital Service District Number 1 of Plaquemines Parish, Louisiana

We have audited the accompanying balance sheet of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center (the Center) a component unit of the Plaquemines Parish Government as of December 31, 2006, and the related statement of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana, as of December 31, 2006, and the results of its operations and the cash flows of the Center for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages i through vii are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Camnetar & Co., CPAs

a professional accounting corporation

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2007 on our consideration of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

August 28, 2007

FINANCIAL STATEMENTS

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
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BALANCE SHEET
December 31, 2006**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,125,961
Ad valorem tax revenue receivable	1,375,265
Patient accounts receivable, net of estimated uncollectibles of \$86,172	125,272
Prepaid expenses	7,696
Inventories	<u>51,673</u>

Total current assets 2,685,867

ASSETS LIMITED AS TO USE

Ad valorem tax receivable	1,533,988
Cash and cash equivalents	3,772,781
Grant income receivable	918,400
Certificates of deposit	263,387
Due from unrestricted assets	<u>154,000</u>

Total assets limited as to use 6,642,556

Property and equipment, net of accumulated depreciation of \$31,447	<u>452,444</u>
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TOTAL ASSETS \$ 9,780,867

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 102,467
Due to restricted assets	154,000
Accrued expenses	<u>22,815</u>

Total current liabilities 279,282

NET ASSETS

Undesignated - unrestricted	2,914,625
Restricted	<u>6,586,960</u>

Total net assets 9,501,585

TOTAL LIABILITIES AND NET ASSETS \$ 9,780,867

The accompanying notes are an integral part of this statement.

**HOSPITAL SERVICE DISTRICT NUMBER 1
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STATEMENT OF REVENUES AND EXPENSES
For The Year Ended December 31, 2006**

OPERATING REVENUES

Net patient service revenue	\$ 311,038
Recovery of bad debt	<u>6,169</u>
Total operating revenue	<u>317,207</u>

OPERATING EXPENSES

Salaries and related expenses	339,253
Professional fees	26,657
Provision for bad debts	66,678
Medical supplies	100,466
Contract labor	223,389
Repairs and maintenance	7,600
Purchased services	173,945
Depreciation and amortization	31,447
Utilities and telephone	31,076
Insurance	31,821
Administrative expense	97,652
Temporary facility expense	<u>641,630</u>
Total operating expenses	<u>1,771,614</u>

OPERATING INCOME (LOSS) (1,454,407)

NON-OPERATING REVENUE

Ad valorem tax revenue	2,826,130
Grant income	1,378,486
Gain on disposal of assets	15,144
Investment income	<u>50,870</u>
Total non-operating revenue	<u>4,270,630</u>

EXCESSES OF REVENUE OVER EXPENSES \$ 2,816,223

The accompanying notes are an integral part of this statement.

**HOSPITAL SERVICE DISTRICT NUMBER 1
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STATEMENT OF CHANGES IN NET ASSETS
For The Year Ended December 31, 2006**

	<u>Restricted</u>	<u>Unrestricted</u>
Net Assets at December 31, 2005	\$ 5,183,105	\$ 1,502,257
Assets purchases - restrictions released	(482,148)	482,148
Excess (Deficiency) of revenue over expenses	<u>1,886,003</u>	<u>930,220</u>
Net Assets at December 31, 2006	<u>\$ 6,586,960</u>	<u>\$ 2,914,625</u>

The accompanying notes are an integral part of this statement.

**HOSPITAL SERVICE DISTRICT NUMBER 1
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STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Revenue collected	\$ 105,763
Cash payments to employees and for employee-related costs	(329,624)
Cash payments for operating expenses	<u>(1,291,134)</u>
Net cash used in operating activities	(1,514,995)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

FEMA grant income	460,085
Ad valorem taxes	1,279,417
Ad valorem taxes - 2002 millage	<u>1,436,003</u>
Net cash provided by non-capital financing activities	3,175,505

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds on disposal of assets	265,144
Purchase of capital assets (property, plant and equipment)	<u>(482,148)</u>
Net cash used in capital and related financing activities	(217,004)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(4,928)
Interest income	<u>50,870</u>
Net cash provided by investing activities	<u>45,942</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,489,448

CASH AND CASH EQUIVALENTS, beginning of year 3,409,296

CASH AND CASH EQUIVALENTS, end of year \$ 4,898,744

**RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED
IN OPERATING ACTIVITIES**

Operating loss	\$ (1,454,403)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	31,447
Bad Debt Expense	66,678
Changes in operating assets and liabilities	
Accounts receivable	(211,444)
Prepaid expenses	(7,696)
Inventories	(51,673)
Accounts payable and accrued expenses	<u>112,096</u>
Net cash used in operating activities	<u>\$ (1,514,995)</u>

The accompanying notes are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization - Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center (the Center) is organized under powers granted to parishes in the Louisiana Revised Statutes and is exempt from Federal and State income taxes. All corporate powers are vested in a Board of Commissioners appointed by the Plaquemines Parish Council. Prior to January 1, 1990, the Center operated as Plaquemines Parish General Hospital (the Hospital). On August 29, 2005 Hurricane Katrina destroyed the facility and all equipment owned by the Center. The Center was rendered inoperable for the remainder of the year ended December 31, 2005. Effective May 1, 2006 the Center resumed operations in a temporary facility that was financed by the Federal Emergency Management Agency (FEMA).

Basis of Accounting – The Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis.

Accounting Standards – Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Center is a governmental entity under Section 517 of the Internal Revenue Code and is therefore exempt from Federal income taxes.

Cash and Cash Equivalents – Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

Inventories – Inventories are valued at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 4 to 10 years.

Charity Care – The Center does not have a formal charity care policy, nor does it maintain detailed records of the amount of charity care it provides.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2006, the Center has cash equivalents (book balances) totaling \$4,898,732 as follows:

Demand Deposits	\$ 21,382
Money Market Accounts	<u>4,877,350</u>
Total	<u>\$ 4,898,732</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Restricted cash includes balances for bond indebtedness and escrow accounts.

At December 31, 2005, the Center had \$5,181,595 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$5,835,307 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 3 – RESTRICTED NET ASSETS

The temporarily restricted fund balance at December 31, 2006 represents the unexpended portion of the Ad Valorem tax revenue along with the Ad Valorem tax receivable in the amount of \$6,586,960 levied for the specific purpose of starting new programs, offer additional services and for capital expenditures related to equipment acquisitions and facility renovations.

As discussed in Note 7 the Center has \$250,000 of certificates of deposit pledged to the Louisiana Patient Compensation Fund to satisfy any malpractice claims.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006**

NOTE 3 – RESTRICTED NET ASSETS (Continued)

During 2005 the restricted funds advanced the unrestricted funds of the Center \$154,000 to continue operations. At December 31, 2006 this amount was still due from the unrestricted funds.

The Hospital first applies restricted resources when expenditure is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 4 – EMPLOYEE RETIREMENT

Plan Description – Substantially all employees of the Center are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the Center are members of Plan A.

All permanent employees working at least 28 hours per week who are paid from funds of the Center are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental-plan-only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006**

NOTE 4 – EMPLOYEE RETIREMENT (Continued)

Funding Policy – Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary, and the Center is required to contribute at an actuarially determined rate. The current rate is 12.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Parish are established and may be amended by state statute. As provide by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Total payroll, covered payroll, employee contributions and Center contributions for the year ended December 31, 2006:

Total Payroll	\$	288,919
Covered payroll	\$	204,056
Employee contributions	\$	19,386
Center contributions	\$	26,018

NOTE 5 – AD VALOREM TAX REVENUES

The Hospital Service District levies an annual ad valorem tax on all property subject to taxation in the District. The tax is collected to defray the cost of the Center's operations and was 2.49 mills for 2006. Current taxes are received beginning in December of each year and become delinquent after January 31 of the following year. Taxes are reported as revenues in the period for which they are levied.

In November 2002 the voters of Plaquemines Parish voted to allow the Hospital Service District to levy up to 3.00 mills on all property subject to taxation in the District to be used for the purpose of starting new programs, offer additional services and for capital expenditures related to equipment acquisitions and facility renovations. The millage is set to expire in 2012. For the year ended December 31, 2006 the levy on this Millage were 2.83 mills.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006**

NOTE 6 – TEMPORARY FACILITY

Effective May 1, 2006 the Center resumed providing services in a temporary facility that was financed by the Federal Emergency Management Agency (FEMA). The facility comprises a building constructed with mobile trailers located on a parcel of land the use of which was donated to the Center at no cost. Under the regulations of FEMA the ownership of the mobile trailers will revert to FEMA when the permanent facility is completed and operations are relocated. Accordingly, the expenditures related to the acquisition of the mobile trailers and other necessary infrastructure expenses are included as an expense in the statement of revenues and expenses. Amounts received from FEMA in connection with this grant are reported as Other Income on the statement of revenues and expenses.

As of the date of this report land for a new permanent facility has been purchased and design and engineering work has begun. It is anticipated that construction of the new facility in late 2007 or early 2008.

NOTE 7 – MALPRACTICE INSURANCE

During 1976, the State of Louisiana enacted legislation that created a statutory limit of \$500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The Center participates in the State Insurance Fund, which provides up to \$400,000 coverage for settlement amounts in excess of \$100,000 per claim. The Center has pledged \$250,000 in certificates of deposit to the Louisiana Patient Compensation Fund in order to cover any claims up to the \$100,000 deductible. All interest earned on the certificates remains with the Center.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Center grants credit without collateral to its patients, most of who are residents of Plaquemines Parish and who are insured under third-party payor agreements such as Medicare, Medicaid and Blue Cross. Any balances remaining after the third-party payors have completed their obligation are considered patient responsibility.

HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006

NOTE 9 – GRANT INCOME

In January 2006 the Center was approved to receive a Special Community Disaster Loan from FEMA in the amount of \$869,864. The term of the loan is for five years with interest payable at the latest five-year Treasury rate as quoted on the Federal Reserve Board on the date the Promissory Note is signed by FEMA plus one percent. The purpose of the loan is to assist with current working capital requirements to fund operations. These funds cannot be used for capital improvements or repair and restoration of damaged facilities. As of the date of this report no funds have been borrowed under this agreement.

As previously discussed, on May 1, 2006 the Center began operations in a temporary facility constructed and equipped by FEMA. The nature of the FEMA grant was to pay for all expenses related to the temporary facility including certain equipment and furniture and fixtures that will be relocated to the permanent facility when completed. For the year ended December 31, 2006 total expenditures under this grant was \$952,809.

The Center also has an outstanding grant from FEMA related to the construction of the permanent facility. The total amount of the grant is \$3,780,147. As of December 31, 2006 no funds have been expended in connection with this grant.

In May 2006 the Center was awarded a grant from the Louisiana Department of Health and Hospitals in the amount of \$799,226. This grant was intended to assist the Center with expenses incurred on physician staffing, x-ray and other professional fees. Total expenses under this grant for the year ended December 31, 2006 was \$425,677.

NOTE 10 – AMOUNTS PAID TO GOVERNING BOARD MEMBERS

The Hospital Board of Commissioners received the following compensation from the Center for services as Commissioners during the year ended December 31, 2006:

Jimmy Cappiello	\$ 360
Dale Adams	320
Keith Harrigan	320
Bernadetta Wallace	80
Mary Ann Braud	280
Charlotte Mareno	320
Connie Lincoln	<u>240</u>
	<u>\$ 1,920</u>

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006**

NOTE 11 – CAPITAL ASSETS

Capital assets and depreciation activities of and for the year ended December 31, 2006 is as follows:

	<u>Balance</u> <u>December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2006</u>
Equipment at cost	\$ 1,743	\$ 482,148	\$ -	\$ 483,891
Accumulated Depreciation	\$ -	\$ 31,447	\$ -	\$ 31,447

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners

Hospital Service District Number 1 of Plaquemines Parish, Louisiana

We have audited the financial statements of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center (the Center) as of and for the year ended December 31, 2006, and have issued our report thereon dated August 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost as 2006-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Center in a separate letter dated August 28, 2007.

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Center's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center, Center's Management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

August 28, 2007

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Hospital Service District Number 1 of Plaquemines Parish, Louisiana

Compliance

We have audited the compliance of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center (the Center) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

Camnetar & Co., CPAs

a professional accounting corporation

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned cost as items 2006-1 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Center's internal control. Of the significant deficiencies internal control over compliance described in the accompanying schedule of findings and questioned costs, we considered items 2006-1 to be material weaknesses.

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Center's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center, Center's Management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

August 28, 2007

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2006**

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
FEMA Disaster Grant-Public Assistance	97.036	075-UWJE6-00	\$ 988,190
Department of Health and Hospitals Social Services Block Grant	93.667	-	425,677
Total Federal Expenditure			<u>\$ 1,413,867</u>

The accompanying notes are an integral part of this statement.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2006**

NOTE A - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2006. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and OMB Circular A-133. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Center has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2006**

We have audited the financial statements of the Hospital Service District Number 1 of Plaquemines Parish d/b/a Plaquemines Medical Center as of and for the year ended December 31, 2006, and have issued our report thereon dated August 28, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A133. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Type of Opinion On Compliance Unqualified ☒ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☒ Yes ☐ No

c. Identification of Major Programs: Disaster Grants Public Assistance

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 500,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2006**

Section II Financial Statement Findings

A – Issues of Noncompliance

None

B – Reportable Conditions

Finding 2006-1– Implementation of General Ledger Accounting System – The District's general ledger accounting system was destroyed in August 2005 as a result of the complete destruction of its facility in Hurricane Katrina. Since the resumption of operations in 2006 the District has not reactivated or replaced its general ledger accounting system.

Management's Response:

Management agrees with the finding and will take immediate steps to install a new accounting system.

Section III Federal Award Findings and Questioned Costs

See finding 2006-1 above.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS
For The Year Ended December 31, 2006**

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

None

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
MANAGEMENT'S CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2006**

Section I – Internal Control and Compliance Material to the Financial Statements

See finding 2006-1 in the "Schedule of Findings and Questioned Costs at Page 21 of this report.

Section II – Internal Control and Compliance Material to Federal Awards

See finding 2006-1 in the "Schedule of Findings and Questioned Costs at Page 21 of this report.

Section III – Management Letter

2006-2 – Implementation of General Ledger Accounting Procedures – At present the Center is not using a General Ledger Accounting System which uses a series of self balancing accounts that establish the basis for an effective internal control system. A comprehensive accounting manual should be developed to establish accounting procedures which will further help increase internal accounting controls.

Management's Response:

Management agrees with the finding and will take immediate steps to develop an accounting procedures manual.

2006-3 – Accounting Assistance – The Center should consider acquiring assistance from an outside source to perform higher level accounting functions including accruals and reconciliations on a monthly basis.

Management's Response:

Management agrees with the finding and will ask the board to approve necessary funds to pay for additional accounting assistance.

2006-4 – Cost Analysis – Items purchased for the establishment of the temporary facility were purchased under the exceptions to the public bid law with regards to the declaration of an "extreme public emergency".

Management's Response:

Management agrees and will request assistance from the management group to perform the suggested cost analysis.

2006-5 – Purchasing Policy – Since the Center does not employ a full time procurement person it would be advisable to establish a written purchasing policy and to train responsible personnel on the provisions of the Louisiana Public Bid Laws.

Management's Response:

Management agrees and will ask the board to approve necessary funding to prepare a written purchasing policy.

**HOSPITAL SERVICE DISTRICT NUMBER 1
OF
PLAQUEMINES PARISH, LOUISIANA
d/b/a
PLAQUEMINES MEDICAL CENTER
MANAGEMENT ADVISORY COMMENTS
DECEMBER 31, 2006**

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Board of Commissioners
Hospital Service District Number 1 of Plaquemines Parish, Louisiana

As part of our examination of the financial statements of the Hospital Service District Number 1 of Plaquemines Parish, Louisiana d/b/a Plaquemines Medical Center as of December 31, 2006 and for the year then ended, we reviewed the system of internal control, administrative procedures and financial procedures of the Center. Our review did not include a detailed examination of all transactions, such as would be necessary to disclose any defalcations or irregularities that may have occurred. However, our engagement did include such tests of the Center's system and procedures to the extent we considered necessary to make an evaluation as required by generally accepted auditing standards and the Louisiana Municipal Audit and Accounting Guide.

As a result of our review, we noted certain areas in the Center's system and procedures where we believe improvements could be made. This memorandum summarizes our comments and suggestions.

We will be pleased to discuss them with you and provide assistance in their implementation.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, LA
August 28, 2007

The accompanying advisory comments reflect observations made during the course of this year's audit. These observations are not intended as an evaluation of the performance of any of the Center's personnel.

We would be glad to review these findings with any member of the Center's administration or governing body should further discussion be deemed necessary.

COMMENTS AND SUGGESTIONS

2006-2 Implementation of General Ledger Accounting System and general accounting procedures

– At present the Center is not using a General Ledger Accounting System which uses a series of self balancing accounts that establishes the basis for an effective internal control system. In addition a comprehensive accounting manual should be developed to establish accounting procedures which will further help increase internal accounting controls.

2006-3 Accounting assistance – The Center should consider acquiring assistance from an outside source to perform higher level accounting functions including accruals and reconciliations on a monthly basis.

2006-4 Performance of a Cost Analysis – Items purchased for the establishment of the temporary facility were purchased under the exceptions to the public bid law with regards to the declaration of an "extreme public emergency". In order to support the funds expended as being reasonable under the circumstances it would be advisable to perform or have performed a complete Cost Analysis on those purchases.

2006-5 Development and implementation of an effective written purchasing policy – Since the Center does not employ a full time procurement person it would be advisable to establish a written purchasing policy and to train responsible personnel on the provisions of the Louisiana Public Bid Laws



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August 30, 2007

Mr. Steve Theriot, CPA
Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The following outlines the action to be taken by the Plaquemines Medical Center (Hospital Service District No. 1 of Plaquemines Parish) regarding the "Schedule of Findings and Questioned Cost" and management advisory comments addressed to you by our auditor, Cammett & Co., CPAs (APAC), in their report dated August 28, 2007.

MANAGEMENT COMMENTS

2006-1 and 2006-2 - Implementation of General Ledger Accounting System and general accounting procedures

I agree with the finding and will take immediate steps to install a new accounting system and develop an accounting procedures manual.

2006-3 - Accounting Assistance

I agree with the finding and will ask the board to approve necessary funds to pay for additional accounting assistance.

2006-4 - Cost Analysis

I agree and will request assistance from the management group to perform the suggested cost analysis.

2006-5 - Purchasing Policy

I agree and will ask the board to approve necessary funding to prepare a written purchasing policy.


James L. Cappiello
Chairman

Hospital Service District No. 1
Parish of Plaquemines, State of Louisiana